

SECTION C
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C-1. GENERAL

C-1.1. Scope. The purpose of this contract is to assist Health Affairs, TRICARE Management Activity (TMA) by providing audit services for the seven (7) Managed Care Support (MCS) contracts to three (3) Health Services and Support (HSS) contracts and one (1) TRICARE Dual Eligible Fiscal Intermediary contract (TDEFIC).

C-1.2. The contractor will implement an audit system to determine the accuracy of claim payments and payment record coding. The claim audit volume is based upon the number of active MCS or HSS contracts. The volume will initially be based upon 7 MCS contracts. Once all 7 MCS contracts have expired, the audit claim volume will be based upon 3 HSS contracts and 1 TDEFIC contract. The audit claims volume may fluctuate based upon the addition or deletion of audit requirements or expiration of MCS contracts.

C-1.3. The contractor will be tasked with conducting separate quarterly audits for each individual HSS, MCS and TDEFIC contract. "Quarterly" is based on the contract period of each individual HSS, MCS, and TDEFIC contract. Approximate sample size for each quarterly audit is 1,600 claims per HSS contract and TDEFIC contract and approximately 2,000 claims per MCS contract. In addition to the quarterly audits, the contractor will be tasked with conducting annual cost audits (based on the contract period of each applicable contract) on each of the 3 HSS contract. The approximate size for the annual cost audit is 1,200 claims per HSS contract. Attachment J-13 of Section J provides an overview of the estimated schedule of audits of each HSS, MCS, and TDEFIC contractor, within each Claims Audit contract period.

C-1.4. A sample of claims processed by each MCS, HSS and TDEFIC contractor will be audited after each contract quarter for the purpose of determining the MCS, HSS and TDEFIC contractor's performance against claims processing standards under the terms of the contracts. Additionally, annual Target Health Care Cost audits will be completed for each individual HSS contractor. The purpose of the annual Target Health Care Cost audits is to support the accuracy of the target health care costs of each HSS contract.

C-1.5. All audits will contain statistical samples of contractor processed claims selected by the TRICARE Management Activity each MCS, HSS and TDEFIC contract quarter for the Claims Processing Standards audits and each contract year for the HSS Target Health Care Cost audits. The quarterly Claims Processing Standards audits will contain statistical samples for both payment errors and occurrence errors (as defined in Section C-3.). The Target Health Care Costs audits will contain statistical samples for payment errors but will not include statistical samples for occurrence error. The list of claims to be audited will be forwarded to the MCS, HSS and TDEFIC contractor from TMA. The MCS, HSS and TDEFIC contractor will have 30 calendar days from the date of the letter forwarding the claims listing to submit copies of the claims and all supporting documentation directly to the contractor.

C-1.6. Unless otherwise noted, the descriptions/specifications outlined in this section apply to all MCS, HSS and TDEFIC contracts.

C-2. STATEMENT OF OBJECTIVES

C-2.1. The objectives of this contract are:

C-2.1.1. To audit claims processed by MCS, HSS and TDEFIC contractors to determine the accuracy of claims payments.

C-2.1.2. To detect errors in payment record coding by MCS, HSS and TDEFIC contractors.

C-2.1.3. To compile and report claim payment and payment record findings.

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C-2.1.4. To review audit findings disputed by the MCS, HSS and TDEFIC contractors and issue a rebuttal response to each disputed item.

C-2.1.5. To issue a report of the rebuttal findings.

C-2.1.6. To conduct a second review of remaining disputed audit findings by the MCS, HSS and TDEFIC contractors and issue a response to each disputed item.

C-2.1.7. To issue a final report of the second review findings. This data will be used by TMA for the following:

C-2.1.7.1. To monitor MCS, HSS and TDEFIC contractor quarterly performance for the Payment Error Rate standard.

C-2.1.7.2. To monitor MCS, HSS and TDEFIC contractor quarterly performance for the Occurrence Error Rate standard.

C-2.1.7.3. To apply quarterly positive/negative incentives for the MCS contracts.

C-2.1.7.4. To apply the performance guarantee provisions in the HSS and TDEFIC contracts.

C-2.1.7.5. To evaluate claim payment determinations made by the HSS contractors to determine accuracy of target health care costs.

C-3. TASKS

C-3.1. Task I - Performance/Target Health Care Cost Audits

Until such time that all MCS contracts have expired, two types of health care records will be utilized during the audit process. The MCS contracts health care data is contained on Health Care Service Records (HCSRs) and HSS and TDEFIC contracts health care data is contained on TRICARE Encounter Data (TEDs). Printouts from each of these databases (HCSRs and TEDs) will be provided by TMA to the contractor. HCSR Audit Detail Reports (HADR) will be provided for audit claims processed by the MCS contractor and TED Audit Detail Reports (TADR) will be provided for audit claims processed by the HSS and TDEFIC contractor. In the following requirements/specifications a reference to HADR or HCSR will relate to the MCS contracts and references to TADR or TEDs will relate to the HSS and TDEFIC contracts.

C-3.1.1. Audit System

C-3.1.1.1. Quarterly Payment Error Determinations. The contractor shall establish an audit system which evaluates MCS, HSS and TDEFIC contractor payment determinations based on the claims, claim documentation, electronic claims history data and other documents used in the adjudication process by the MCS, HSS and TDEFIC contractors. The evaluations are made by comparing the MCS, HSS and TDEFIC contractor payment actions as indicated on the HADR or TADR (see Section J, Attachments J-1A and J-1B) with requirements in the MCS, HSS and TDEFIC contracts, the MCSC and TRICARE Operations Manuals (TOM), the TRICARE Policy Manual (TPM), the TRICARE Reimbursement Manual (TRM), the TRICARE/CHAMPUS Automated Data Processing (ADP) Manual and the TRICARE Systems Manual (TSM) (all manuals may be viewed at <http://www.tricare.osd.mil> by using the drop down menu [see Section C-8]) and TMA instruction letters to the MCS, HSS and TDEFIC contractors in effect at the time the claim was processed. The HADR and TADR will be provided to the contractor by TMA.

C-3.1.1.1.1. The contractor shall ensure that payment errors and appropriate TMA error codes indicated in Section J, Attachments J-2, J-6, and J-7, are annotated on the HADR or TADR including the dollar amount of the payment error assessed. An explanation of the reason for assessing each error must be annotated on the HADR or TADR. For those errors assessed, the TMA error code, the dollar amount of the payment error, and the explanation of the reason assessed must be input into the HCSR Audit System or the TED Audit System.

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C-3.1.1.2. Quarterly Occurrence Error Determinations. The contractor shall establish an audit system, which evaluates MCS, HSS and TDEFIC contractor payment record coding. The evaluations are made by comparing the claims, claim documentation, electronic claims data and other documents against the HADR or TADR. The contractor must ensure that requirements in effect at the time the claims was processed in the MCS, HSS, and TDEFIC contracts, the MCSC and TRICARE Operations Manual (TOM), the TRICARE Policy Manual (TPM), the TRICARE Reimbursement Manual (TRM), the TRICARE/CHAMPUS Automated Data Processing (ADP) Manual and the TRICARE Systems Manual (TSM) (all manuals may be viewed at <http://www.tricare.osd.mil> by using the drop down menu) and TMA instruction letters to the MCS, HSS and TDEFIC contractors are met.

C-3.1.1.2.1. The contractor shall ensure that the errors assessed must either be the designated TMA error codes or the number fields on the HADR or TADR and the identified errors must be annotated on the HADR or TADR. An explanation of the reason for assessing each error must be annotated on the HADR or TADR. For those errors assessed, the TMA error codes, the number fields from the HADR or TADR and the explanation of the reason assessed must be entered into the HCSR Audit System or the TED Audit System.

C-3.1.1.3. Annual Target Health Care Cost Audits. The contractor shall establish an audit system which entails the evaluation of HSS payment determinations based on claims, claim documentation, electronic claims history data and other documents used in the adjudication process. The evaluations are made by comparing the HSS contractor payment actions indicated on the TADR with requirements in the HSS contracts, the TRICARE Operations Manual (TOM), the TRICARE Policy Manual (TPM), the TRICARE Reimbursement Manual (TRM), and the TRICARE Systems Manual (TSM) (all manuals may be viewed at <http://www.tricare.osd.mil> by using the drop down menu) and TMA instruction letters to the HSS contractors.

C-3.1.1.3.1. The contractor shall ensure that identified errors are annotated on the TADR provided by TMA. The errors assessed must be the designated TMA error codes and these codes must be identified on the TADR. The dollar amount of the payment error assessed must be annotated on the TADR. An explanation of the reason for assessing each error must be annotated on the TADR. For these errors assessed, the TMA error codes, the amount of the payment error, and the explanation of the reasons assessed must be entered into the TED Audit System.

C-3.1.1.4. Disposition of Documents

C-3.1.1.4.1. Claims Without Errors. Upon completion of an audit, claims without errors and claim documentation shall be securely stored in a designated contractor area until the list of claims to be reviewed by TMA is received (see Task V, Section C-3.5.). Once the claims for the TMA review have been pulled, the remaining claims from this group will be held in a designated contractor storage area until notification to destroy these claims by shredding is received from TMA.

C-3.1.1.4.2. Claims With Errors: Upon completion of an audit, claims that contain errors, claims documentation, all HADRs or TADRs and a copy of the audit reports are to be securely stored. The storage areas will be labeled with the MCS, HSS or TDEFIC contract number, region, audit quarter and year and held in the designated contractor area until the contractor is notified by the Contracting Officer, or designee, that all issues related to the audit have been resolved (for final disposition of these documents see Task II, Section C-3.2.3.).

C-3.1.2. Receipt and Control

C-3.1.2.1. The contractor shall provide a system for receipt and control of audit claims, claim documentation and HADRs or TADRs, which will enable the contractor to retrieve these documents prior to, during or after completion of the audit and rebuttal.

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C-3.1.2.2. The contractor shall develop procedures to assure the confidentiality of all beneficiary and provider information is protected at all times in accordance with the provisions of the Privacy Act, the Freedom of Information Act, the Drug-Free Workplace Act, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and DoD/TMA Regulations, Instructions, and Directives.

C-3.2. Task II-Rebuttals

C-3.2.1. The contractor shall establish procedures to respond to MCS, HSS and TDEFIC contractor rebuttals of audit findings for both payment and occurrence errors. The rebuttal responses must identify the claim number, beneficiary name, type of claim, disputed error by the MCS, HSS and TDEFIC contractor, the MCS, HSS and TDEFIC contractor rebuttal position, the contractor's position after consideration, errors removed and additional errors assessed. The contractor must ensure that a concise and self-explanatory written response to each issue addressed by the MCS, HSS and TDEFIC contractor is completed. The responses to the disputed errors must clearly state whether the error is to remain or to be removed. The contractor must establish at least 2 supervisory levels of review with concurrence for the rebuttal process. The contractor shall establish procedures to ensure those errors removed on rebuttal are removed from the HCSR or TED Audit System. Also, any additional errors assessed by the contractor as a result of the rebuttal review must be entered into the HCSR or TED Audit System. The contractor shall use all available supporting documentation and resources to resolve all rebuttal issues.

C-3.2.2. Following completion of the rebuttal by the contractor, any further disputed issues by the MCS, HSS and TDEFIC contractors shall be addressed by the contractor. The contractor will establish a review team to resolve and respond to the further disputes from the MCS, HSS and TDEFIC contractors. The contractor shall ensure that the review team consists of staff members that have not previously assessed or reviewed the disputed errors. The contractor shall ensure that all available supporting documentation and resources are used to resolve all second rebuttal review requests and a clear and concise written response is provided for each request. The contractor shall conduct a 100% quality review of these responses at the supervisory level to ensure accuracy. The responses must identify the claim number, beneficiary name, type of claim, disputed error by the MCS, HSS and TDEFIC contractor, the MCS, HSS and TDEFIC contractor rebuttal position, the contractor's position after consideration, errors removed and additional errors assessed. The contractor must ensure that the results of the review are input in to the HCSR or TED audit system.

C-3.2.3. Disposition of Documents

C-3.2.3.1. Claims with errors which were not rebutted and claims which were rebutted and the errors were removed on rebuttal will be securely stored in a designated contractor area until the list of claims to be reviewed by TMA is received. Once the claims for the TMA review have been pulled, the remaining claims from this group will be held in a designated contractor storage area until notification to destroy these claims by shredding is received from TMA.

C-3.2.3.2. All claims containing disputed errors which were not removed on rebuttal, the claim documentation, the initial audit report, the MCS, HSS and TDEFIC contractor rebuttal documents, all HADRs or TADRs and the initial and final rebuttal report will be securely stored in a designated contractor area until the list of claims to be reviewed by TMA is received.

C-3.2.3.2.1. If the sampling for review by TMA contains any claims in C-3.2.3.2. above the claims will be pulled and copies submitted to TMA.

C-3.3. Task III - Management

C-3.3.1. Capability. The contractor shall establish and maintain sufficient staffing and management support services and commit all other

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resources/facilities necessary to achieve and maintain compliance with all standards for the audit and rebuttal functions.

C-3.3.2. Planning and Performance. The contractor shall establish procedures that ensure the timely implementation of routine program changes which affect the claims audit process. This includes establishing procedures to ensure that the audit process is adjusted to accommodate different program change implementation dates of different MCS, HSS and TDEFIC contractors.

C-3.3.3. Management Controls

C-3.3.3.1. These materials shall be maintained in current status for the life of the contract. Desk instructions shall be maintained at each auditing work station. For those contractor work stations that require frequent reference, the contractor shall provide the following reference materials: procedure codes, diagnosis codes, and Drug Topic blue book pricing. Other reference materials shall be provided in each unit with a reasonable need and in such quantity as to ensure the ease of availability needed to facilitate workflow.

C-3.3.3.2. The contractor shall ensure that the following is readily available to the contractor's staff:

C-3.3.3.2.1. Hardware and software which will enable staff to group and price inpatient hospital claims processed under the TRICARE Diagnostic Related Groups (DRGs) which is adequately maintained and updated so that the contractor staff is able to comply with DRG grouping and pricing procedures.

C-3.3.3.2.2. Access through the web-based GIDQ application to the Defense Enrollment Eligibility Reporting System (DEERS) to verify the eligibility of patients for who audit claims are received.

C-3.3.3.2.3. On-line access to the TMA pricing and provider files.

C-3.3.3.2.4. On-line access to the web-based application to the DEERS Catastrophic Cap and Deductible Database.

C-3.3.3.2.5. On-line access to the HCSR and TED Audit System. Access is required in order to input MCS, HSS and TDEFIC contractor errors and run quarterly audit and rebuttal reports and annual Target Health Care Cost audits and rebuttal reports. The HCSR or TED Audit System generates the following reports that are required at the completion of the audit (see samples at Section J, Attachment J-2):

C-3.3.3.2.5.1. Audit Summary Report

C-3.3.3.2.5.2. Audit Analysis of Error Report

C-3.3.3.2.5.3. HCSR or TED Audit Listing (Parts 1 & 2)

C-3.3.3.2.5.4. HCSR or TED Audit Error Code Analysis

C-3.3.3.2.5.5. HCSR or TED Audit Detail Report

The HCSR and TED Audit Systems generate the following reports that are required at the completion of the rebuttal (see samples at Section J, Attachment J-3):

C-3.3.3.2.5.6. Audit Summary Report

C-3.3.3.2.5.7. Audit Analysis of Errors Report

C-3.3.3.2.5.8. HCSR or TED Audit Listing (Parts 1 & 2)

C-3.3.3.2.5.9. HCSR or TED Audit Error Code Analysis

C-3.3.3.2.6. Hardware and TRICARE ClaimCheck (TCC) software which will enable staff to verify rebundling procedures. The hardware and software shall be adequately maintained (two versions) and updated (including monthly NEWSFLASH updates) to ensure compliance with rebundling and pricing procedures. This software is available from McKesson, 5 Country View Road, Malvern, PA 19355. McKesson may be reached by telephone at (800) 257-7658 or (610) 296-3838.

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C-3.3.3.2.7. The contractor shall establish procedures to download data sent on 9 track tape or 3490-E cartridges containing audit documentation submitted by the MCS, HSS and TDEFIC contractors. The data will be in standard comma delimited ASCII file format with test fields enclosed in quotation marks and fields without a value will be represented by a single comma. The contractor must ensure this data is retrievable, allowing audit staff on-line access and hardcopy printing capabilities.

C-3.3.3.2.8. Hardware and software which will enable audit staff to price ambulatory surgery facility claims. The annual pricing is provided by TMA on a diskette in ASCII format.

C-3.3.3.3. In order to provide ADP system access as required in C-3.3.3.2. through C-3.3.3.2.5. above, all equipment must be SNA and IBM compatible and have the capability to emulate a 3270 terminal. The Government shall obtain, implement and maintain a telecommunications link between the contractor and TMA. The cost for this telecommunications link will be the responsibility of the Government. The contractor shall be responsible for all equipment acquisition, installation, operation, and maintenance charges used at the contractor's site.

C-3.3.3.4. The contractor must assign personnel to function as security administrator(s). The name(s) of the personnel must be supplied to TMA, upon award of the contract. The primary function of the security administrator(s) will be to provide the TMA Systems Security Officer with required information and names of contractor personnel requiring Government ADP systems access. All contractor personnel must meet Government requirements for access to Government computers and/or systems. This includes providing fingerprints and completing a Questionnaire for Public Trust Positions (see Section J, Attachment J-10).

C-3.3.3.5. Records Security and Confidentiality.

C-3.3.3.5.1. The contractor shall operate systems of records in support of the Department of Defense (DoD) Military Health System which requires obtaining, maintaining, and using sensitive and personal information strictly in accordance with controlling laws, regulations, DoD policy, and contract requirements.

C-3.3.3.5.2. In addition to the security requirements for contractor information systems/networks, the contractor shall also operate the system of records strictly in accordance with controlling laws, regulations, and DoD policy on confidentiality and privacy of individually identifiable information. The contractor shall also provide and document necessary and appropriate training of all workforce members (e.g., all employees, volunteers, trainees, and other persons who conduct and perform work for the contractor) in the proper handling and safeguarding of this information. Sensitive personal information must be protected, in terms of privacy and security during use, transmission, storage, destruction, and handling. The contractor agrees to the following provisions, as specified in (1) Section J, Attachment J-12, Business Associate Addendum, (2) Section H-11, Special Provision - Privacy of Protected Health Information, and (3) Section H-12, Special Provision, Security of Protected Health Information.

C-3.3.3.6. Information Technology

C-3.3.3.6.1. All contractor information systems/networks involved in the operation of systems of records in support of the DoD Military Health System requires obtaining, maintaining, and using sensitive and personal information strictly in accordance with controlling laws, regulations, and DoD policy.

C-3.3.3.6.2. The contractor's information systems/networks involved in the operation of DoD systems of records shall be safeguarded through the use of a mixture of administrative, procedural, physical, communications, emanations, computer, and personnel security measures that together achieve the same requisite level of security established for DoD information systems/networks for the protection of information referred to as "Sensitive Information" (SI) and/or "Controlled Unclassified Information." The contractor shall provide a level of

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trust which encompasses trustworthiness of systems/networks, people and buildings that ensure the effective safeguarding of SI against unauthorized modification, disclosure, destruction, and denial of service.

C-3.3.3.6.3. The contractor shall also be compliant with the Health Insurance Portability and Accountability Act (HIPAA) as implemented by the Department of Health and Human Services (DHHS) final rule on Health Insurance Reform: Security Standards (45 Code of Federal Regulations Parts 160, 162, and 164), effective April 21, 2003. Although the compliance date established by the DHHS final rule is April 21, 2005, the contractor shall be in compliance with the requirements of the final rule at the start-work date of this contract.

C-3.3.3.6.4. Information System (IS)/Networks Certification and Accreditation. The contractor IS/networks shall comply with the Certification and Accreditation (C&A) process established under the DoD Information Technology Security Certification and Accreditation Process (DITSCAP) for safeguarding SI accessed, maintained, and used in the operation of systems of records under this contract. Certification and Accreditation (C&A) process: The C&A process ensures that the trust requirement is met for systems and networks. Certification is the determination of the appropriate level of protection required for information systems/networks. Certification also includes a comprehensive evaluation of the technical and non-technical security features and countermeasures required for each system/network. Accreditation is the formal approval by the Government to operate the contractor's IS/networks in a particular security mode using a prescribed set of safeguards at an acceptable level of risk. In addition, accreditation allows IS/networks to operate within the given operational environment with stated interconnections, and with appropriate level-of-protection for the specified period. The C&A requirements apply to all DoD IS/networks and contractor IS/networks that access, manage, store, or manipulate electronic SI data.

C-3.3.3.6.5. The DITSCAP is the standardized approach to the C&A process within DoD. Each IS/network that undergoes DITSCAP must have required security controls in place, must have documented the security components and operation of the IS/network, and must successfully complete testing of the required security controls. The contractor shall ensure DITSCAP documentation is available for review and is accurate. Each IS/network must also comply with the requirements for Information Assurance Vulnerability Management (IAVM) to ensure that the security posture is maintained. Guidance regarding the requirement for IAVM is contained in the DoD Information Assurance Vulnerability Alert (IAVA), 30 December 1999 (see http://www.tricare.osd.mil/tmis_new/Policy/iavamemo.pdf), while implementation is addressed in the "DISA IAVA Process Handbook, Version 2.1, 11, June 2002" (see Attachment J-14 of Section J).

C-3.3.3.6.6. The contractor shall execute the DITSCAP process by providing, for receipt by the Contracting Officer within 30 days following contract award, the required documentation necessary to receive an Interim Approval to Operate (IATO), and making their IS/networks available for testing. The contractor shall be required to mitigate the vulnerabilities identified for correction during the risk assessment process. These requirements shall be met before interconnecting with any DoD information system or the network is authorized for use in obtaining, maintaining, and using sensitive and personal information. The Military Health System (MHS) DITSCAP Checklist (see Section J, Attachment J-15) is provided for assistance regarding meeting the DITSCAP requirements. Reference material and DITSCAP tools can be obtained at: http://www.tricare.osd.mil/tmis_new/ia.htm

C-3.3.3.6.7. Information Systems (IS)/Networks Physical Security. The contractor shall employ physical security safeguards for IS/Networks involved in the operation of its systems of records to prevent the unauthorized access, disclosure, modification, destruction, use, etc., of SI and to otherwise protect the confidentiality and ensure the authorized use of SI. In addition, the contractor shall support a Physical Security Audit performed by the Government

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of its internal information management infrastructure using the criteria from the Physical Security Audit Matrix (see Section J, Attachment J-16). The contractor shall correct any deficiencies identified by the Government of its physical security posture.

C-3.3.3.7. Information Systems (IS)/Networks Personnel Security.

C-3.3.3.7.1. The contractor shall achieve the same level of trustworthiness of personnel who have access to IS/Networks involved in the operation of its systems of records as required for Government personnel requiring similar access to DoD information technology systems and networks containing SI (See Appendix 6, DoD 5200.2-R, June 2002 (draft) Positions Requiring Access to DoD Information Technology (IT) Systems and Networks, found on the TRICARE Website at http://www.tricare.osd.mil/tmis_new/ia.htm). To ensure the trustworthiness of personnel with access to DoD systems/data the contractor will classify IT or related positions, submit appropriate paperwork for background investigations, ensure that the contractor's employees receive requisite training, and document compliance. Personnel background investigations and training of contractor employees must be initiated before access to DoD IS/Networks or DoD SI is allowed for operation of contractor IS/Networks. The Website listed above will provide additional guidance to support this effort. All contractor employees with access to SI that is maintained in the contractor's owned and operated IT systems that have no interconnection (including data feeds) with Government IT systems or networks, shall complete the appropriate background check for IT-III level personnel comparable to that described in the referenced Appendix 6 to DoD 5200.2-R, unless the contractor proposes, and the Contracting Officer approves, other alternative safeguards appropriate to mitigate the risks associated with the loss/misuse or unauthorized access to or modification of the SI.

C-3.3.3.8. The contractor shall ensure that experienced Medical Review Staff at the Registered Nurse (RN) or Physician Assistant (PA) levels is available as needed to review claims involving questionable MCS, HSS and TDEFIC contractor claim decisions regarding medical necessity and appropriateness of care issues. Physician consultation shall also be available for those issues that cannot be resolved at the RN level. Involvement of this type of consultation is expected to be minimal.

C-3.3.3.9. The contractor shall establish procedures to monitor, analyze, and report on, via claims audit (quarterly, annual target health care costs, or separate claims sample), special claims processing and benefit issues identified for review by TMA, e.g., providing TMA information and analysis of a MCS, HSS and TDEFIC contractor compliance with new payment methodologies or recent benefit changes.

C-3.3.3.10. The contractor shall develop and implement on-going staff training programs. The programs will provide instruction in all necessary areas focusing on TRICARE policy, procedures, and program changes to ensure the performance of the staff is at such a level that the performance standards of this contract are met.

C-3.3.3.11. The contractor shall provide and maintain, during the term of the contract, an automated facsimile transceiver, the connecting telephone line and all associated equipment needed to support transmission. The transceiver shall be compatible with the MCS, HSS and TDEFIC contractors and TMA transceivers. The transceiver shall be operational not less than the period between 6:00 a.m. and 8:00 p.m., Mountain Time, Monday-Friday. The transceiver will be used to exchange priority documents with TMA and the MCS, HSS and TDEFIC contractors.

C-3.3.3.12. The contractor shall ensure that information required for appropriate response to inquiries regarding audit, rebuttal and target health care costs findings or status must be retrievable within 3 workdays following a request for information from TMA.

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C-3.4. Task IV - Quality Control

C-3.4.1. Quality Assurance Audits. The contractor shall establish procedures for conducting an ongoing quality review program of its audits. The purpose of the reviews is to identify incorrect error determinations and omissions by auditors; inconsistencies among auditors; and any problem situation with audit procedures, guidelines, or operational and policy directives adversely affecting the accuracy and consistency of the audits. The results of these reviews shall be used for retraining of auditors and correcting auditing errors.

C-3.4.1.1. Sample Size. The review sample size at a minimum shall be 10% of claims received for audit during the quarters for each MCS, HSS and TDEFIC contractor and 10% of the claims received for the annual target health care cost audits. A procedure shall be established by the contractor to randomly select claims for review without regard to claim type.

C-3.4.2. The contractor shall establish procedures to ensure all errors discovered as part of its ongoing quality review program are corrected, input into the HCSR or TED Audit System, and appear on the audit report.

C-3.5. Task V - TMA Reviews

C-3.5.1. TMA, Claims Operations Office will conduct on-going review of the contractor audited claims. The purpose of these reviews is to identify incorrect error determinations and omissions by the contractor. Five percent of the contractor audited claims will be randomly selected by TMA for these reviews.

C-3.5.1.1. At a minimum, TMA will conduct reviews once a year for each MCS, HSS and TDEFIC contract based on their individual quarterly contract quarters. Reviews will be conducted for all annual target health care cost audits. The list of claims to be reviewed will be forwarded to the contractor upon completion of the contractor second rebuttal. Review samples will be selected randomly and not necessarily on the same quarter each year. If deemed necessary, the Government reserves the right to review additional audit/rebuttal samples for any MCS, HSS and TDEFIC contractor

C-3.5.1.2. As a result of the TMA reviews, the contractor shall not exceed a 5% error rate during the 1st two quarters of the contract. During the 3rd and each subsequent quarter of the contract, the contractor shall not exceed a 2% error rate. The error rate for the payment error review will be calculated by dividing the value of the total amount billed of the claims reviewed into the total payment error amount found by TMA. The error rate for the occurrence error review will be calculated by dividing the total number of fields from the HADRs or TEDs of the review claims into the number of occurrence errors found by TMA. The error rate for the payment error review of the annual target health care cost audits will be calculated by dividing the value of the total Government cost of the claims into the total payment error amount found by TMA.

C-3.6. Task VI - Transitions

C-3.6.1. Phase-In. The contractor shall perform required start-up activities during the period between the date of contract award and the start-work date, based on a plan for the phase-in accepted by the Government as part of this contract (see Section F).

C-3.6.1.1. Following the award of the contract, and as scheduled by the Contracting Officer, the contractor shall participate in a teleconference call with TMA representatives in Aurora, Colorado to conduct a Post Award Teleconference. The intent of the Post Award Teleconference is to discuss general contract administration issues and the phase-in plan. Any necessary revisions to the phase-in plan shall be submitted by the contractor to the TMA, Contract Management Directorate for approval within 15 working days following the meeting.

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C-3.6.1.2. The contractor shall hire sufficient experienced staff to oversee and to accomplish implementation of each functional area, as scheduled, throughout the transition period and shall acquire, as needed and when needed, all other resources to support the audit operations.

C-3.6.1.3. Audit System Benchmark Testing. Prior to the start work date of the audit contract, the contractor shall demonstrate the ability of the staff and audit system to accurately audit claims. A benchmark test will be administered by TMA personnel at least 15 days prior to the start work date of the contract.

C-3.6.1.3.1. The benchmark test will consist of approximately 50 audit claims. All aspects of audit functions will be tested, including the contractor's ability to access DEERS to verify eligibility, access provider files and pricing files, catastrophic cap and deductible files, DRG grouper and pricer, TRICARE ClaimCheck, HCSR and TED audit system (input errors and produce audit reports), receive electronic claims data, and the ability to respond to the Benchmark team findings via a rebuttal process.

C-3.6.1.3.2. The benchmark team will consist of up to 3 TMA personnel who will provide answers to contractor questions concerning the audit system benchmark claims and compare the contractor's audit determinations on a claim by claim basis with the predetermined audit results.

C-3.6.1.3.3. The TMA benchmark team will require a conference room with a table large enough to accommodate each member of the team reviewing the audit determinations.

C-3.6.1.3.4. A minimum of 2 weeks prior to the audit benchmark test, a package will be sent to the contractor containing the dates of the test, information specific to the administration of the upcoming audit system benchmark and hard copy documents of claims to be audited (with supporting documentation).

C-3.6.1.4.5. On the 1st day of the benchmark, an entrance conference will be held with the appropriate TMA and contractor personnel to discuss ensuing events and expectations and additional instructions, as required. At that time, the contractor will be required to provide the results of their audit of the claims to include all HADRs or TADRs, documentation to support errors assessed such as screen prints of DEERs, provider or pricing file, and the audit reports. All findings identified by the benchmark team regarding errors assessed by the contractor shall be presented back to the contractor as formal rebuttals on a daily basis. The contractor shall submit their response to these rebuttals in writing to the benchmark team on each succeeding day.

C-3.6.1.4.6. During the course of the test, the benchmark team will brief contractor staff on the findings identified including audit errors that were not identified and assessed by the contractor. All appropriate contractor and benchmark team personnel will be present to answer any questions raised.

C-3.6.1.4.7. After the benchmark test is completed, an exit conference will be held with the appropriate contractor staff to summarize all findings identified during the benchmark.

C-3.6.1.4.8. Prior to the start work date, all errors noted in the benchmark test are to be corrected by the contractor and the results provided to the Contracting Officer's Representative.

C-3.6.2. Phase-Out. If the contractor is not the successful offeror on any successor contract, the contractor shall be designated the outgoing contractor and shall be responsible for activities as required by TMA to facilitate transitions from the contractor's operations to operations under the successor contract (see Section F).

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C-4. STANDARDS

The following are minimum acceptable levels of processing performance required in this contract. Unless, otherwise specified, the measurement of performance against the standards is accomplished at TMA on the basis of data received by TMA from the contractor weekly audit status reports, from the TMA reviews, and from TMA conducted on-site visits at the contractor's place of business.

C-4.1. PERFORMANCE/TARGET HEALTH CARE COST AUDITS

C-4.1.1. All quarterly payment error audits will be completed and received by the Contracting Officer's Representative, TMA, Claims Operations Office, not later than 60 calendar days from the date of receipt of the MCS, HSS or TDEFIC contractor claims.

C-4.1.2. All quarterly occurrence error audits shall be completed and received by the Contracting Officer's Representative, TMA, Claims Operations Office, not later than 60 calendar days from the date of receipt of the MCS, HSS or TDEFIC contractor claims.

C-4.1.3. All annual target health care cost audits shall be completed and received by the Contracting Officer's Representative, TMA, Claims Operations Office, not later than 60 calendar days from the date of receipt of the HSS contractor claims.

C-4.2. REBUTTALS

C-4.2.1. All rebuttal findings shall be completed and the reports received by the Contracting Officer's Representative, TMA, Claims Operations Office, within 30 calendar days from the date of receipt from the MCS, HSS, or TDEFIC contractor.

C-4.2.2. All 2nd rebuttal findings shall be completed and the reports received by the Contracting Officer's Representative, TMA, Claims Operations Office, within 15 calendar days from the date of receipt from the MCS, HSS or TDEFIC contractor.

C-4.2.3. All Analysis of Errors Reports shall be completed and received by the Contracting Officer's Representative, TMA, Claims Operations Office, within 5 workdays following completion of the 2nd rebuttal review of within 5 workdays from the notification from the MCS, HSS or TDEFIC or TMA that a 2nd rebuttal will not be submitted to the contractor.

C-4.3. MANAGEMENT

C-4.3.1. A weekly status report of each audit and rebuttal must be received by the Contracting Officer's Representative, TMA, Claims Operations Office by close of business each Monday for the previous week. A legible telefax copy or e-mail is acceptable.

C-4.4. QUALITY CONTROL

C-4.4.1. Results of the internal contractor quality control reviews must be received by the Contracting Officer's Representative, TMA, Claims Operations Office, within 10 calendar days following completion of the review.

C-4.5. TMA REVIEWS

C-4.5.1. Payment Error Sample: During the 1st two quarters of the contract, the contractor shall not exceed a 5% error rate. During the 3rd and each subsequent quarter of the contract, the contractor shall not exceed a 2% error rate. The error rate for quarterly audits will be calculated by dividing the value of the total amount billed of the claims reviewed into the total payment error amount found by TMA. The error rate for the annual target health care cost audits will be calculated by dividing the value of the total government pay amount of the claims reviewed into the total payment error amount found by TMA.

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C-4.5.2. Occurrence Error Sample: During the 1st two quarters of the contract, the contractor shall not exceed a 5% error rate. During the 3rd and each subsequent quarter of the contract, the contractor shall not exceed a 2% error rate. The error rate will be calculated by dividing the total number of fields from the HADRs or TADRs of the reviewed claims into the number of occurrence errors found by TMA.

C-4.5.3. Contractor rebuttals over the TMA review findings must be received in writing by the Contracting Officer's Representative, TMA, Claims Operations Office, within 5 workdays from the date of receipt of the TMA report.

C-5. DEFINITIONS AND ACRONYMS

Definitions are listed in the TRICARE Operations Manual, Appendix A. Additional Acronyms and definitions are found in Attachment J-18 of Section J.

C-6. GOVERNMENT FURNISHED PROPERTY AND SERVICES

C-6.1. The MCS, HSS, and TDEFIC contractors will provide the claims to the contractor for the performance of this contract.

C-6.2. The HADRS and TADRs will be provided to the contractor by TMA.

C-6.3. The Government will provide the telecommunications lines to the contractor for the performance of this contract.

C-7. CONTRACTOR FURNISHED ITEMS

C-7.1. The Contractor furnishes all necessary labor, materials, facilities, and equipment for the satisfactory performance of this contract.

C-8. DOCUMENTS

C-8.1. Authoritative guidance is found in the following documents, and guide the performance of this contract.

C-8.1.1. TRICARE provisions under the current MCSCs:

Title 10, United States Code, Chapter 55

32 Code of Federal Regulations, Part 199

TRICARE MCSC Operations Manual (OPM) 6010.49-M

TRICARE Policy Manual (TPM) 6010.47-M

TRICARE Reimbursement Manual (TRM) 6010.53-M

TRICARE Automated Data Processing and Reporting (ADP) Manual 6010.50-M

DoD Health Information Privacy Regulation, DoD 6025.18-R, January 2003

C-8.1.2. TRICARE provisions under the T-NEX MCSCs:

Title 10, United States Code, Chapter 55

32 Code of Federal Regulations, Part 199

TRICARE Operations Manual (TOM) 6010.51-M

TRICARE Policy Manual (TPM) 6010.54-M

TRICARE Reimbursement Manual (TRM) 6010.55-M

TRICARE Systems Manual (TSM) 7950.1-M

DoD Health Information Privacy Regulation, DoD 6025.18-R, January 2003

The TRICARE manuals and Code of Federal Regulations (CFR) are located on the TRICARE website, accessible through the TMA website at: <http://www.tricare.osd.mil>